

**REVISED** MOTION BY SUPERVISORS SHEILA KUEHL

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**Implementing the County’s Center for Financial Empowerment**

The Los Angeles County Board of Supervisors (Board) has prioritized the promotion of economic and workforce development to help lift County residents out of poverty. To accomplish this, the Board has adopted policies such as raising and enforcing the minimum wage, promoting small business development, and combatting homelessness. On June 14, 2016, the Board directed the Department of Consumer and Business Affairs (DCBA) to implement a Center for Financial Empowerment as a two-year pilot to explore additional opportunities to address economic development from a personal finance perspective.

The DCBA launched the Center for Financial Empowerment on September 1, 2016, and, on November 16, 2018, the DCBA submitted the Center for Financial Empowerment Pilot Demonstration Report to the Board. The Report highlighted outcomes, challenges, and lessons learned during the initial pilot period and made a number of recommendations aimed at improving the impact of the program. The report

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demonstrates that the Center for Financial Empowerment can implement asset-building programs, serve as a convener for various local stakeholders and help to better integrate financial capability into social services.

The Center for Financial Empowerment greatly benefitted from the expertise and collaboration of its Steering Committee comprised of experts from other government and nonprofit agencies, philanthropy, and financial institutions. The members provided invaluable advice and thought leadership to help guide DCBA staff during the implementation period. Likewise, many County departments lent their support for the program and worked with DCBA to better serve foster youth, CalWORKs recipients, unbanked consumers, and taxpayers eligible for the Earned Income Tax Credit (EITC), and other vulnerable populations.

Furthermore, the report acknowledges the need to create strong multisector partnerships to address the complex challenges that impede the financial wellbeing of County constituents. This includes identifying both proven and innovative strategies to advance access to Earned Income Tax Credit (EITC) through more deliberate and coordinated County efforts. These efforts could include leveraging the Department of Public Health's (DPH) *Community Health Improvement Plan*<sup>[1]</sup> which identifies EITC as a mechanism to help prevent displacement and homelessness and the DPH Center for Health Equity's *A Pathway to Equity: A Framework to Close the Black-White Gap in Infant Mortality Plan*<sup>[2]</sup> which identifies EITC as a strategy to reduce chronic stress and adverse birth outcomes. Additionally, the Center for Financial Empowerment has embarked on a campaign to identify alternative products, programming, and education

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<sup>[1]</sup> [http://publichealth.lacounty.gov/plan/docs/CHIPforLACounty20152020\\_03.2016\\_revised\\_logo\\_121616.pdf](http://publichealth.lacounty.gov/plan/docs/CHIPforLACounty20152020_03.2016_revised_logo_121616.pdf)

<sup>[2]</sup> <http://publichealth.lacounty.gov/CenterForHealthEquity/PDF/AAIM-ActionPlan.pdf>

to address the negative economic impact of high-cost loan products on Los Angeles County's most economically vulnerable communities. Access to EITC plays a core role in this effort as it offers an opportunity to break the debt cycle faced by many high-cost loan consumers.

The Center for Financial Empowerment Pilot Demonstration Report notes that Los Angeles County has the highest number of EITC filers yet the lowest utilization in the state, leaving roughly \$580 million in unclaimed federal EITC dollars on the table, unclaimed by those who could benefit the most. The report also highlights the need to increase the availability of Volunteer Income Tax Assistance (VITA) sites in unincorporated areas of the County, especially in areas with large populations where there is a high need and in remote areas of the County. Although there are many areas of opportunities identified in the report, addressing this issue can prove to be one of the most effective efforts.

The initial success of the Center for Financial Empowerment illustrates that the County can play an important leadership role for the entire region by establishing strong collaborations with advocates, practitioners, public agencies, financial institutions, and the philanthropic community, all of whom work in various ways to increase the financial security of low-income residents. A collaborative, cross-sector approach can significantly improve the financial capability of low-to-moderate income residents, and create greater synergy amongst various entities.

**WE, THEREFORE, MOVE** that the Board of Supervisors:

- 1) Instruct the Director of the Department of Consumer and Business Affairs (DCBA) to establish the Center for Financial Empowerment (CFE) as a permanent program within the Department to serve as a champion for

improving the financial wellbeing of low-to-moderate income County residents and to implement the recommendations identified in the Center for Financial Empowerment Pilot Demonstration Report, including the development of a County of Los Angeles financial capability and coaching certification program.

- 2) Instruct the Director of DCBA to continue to work with the Center for Financial Empowerment Steering Committee to ensure inclusion of experts from other government and nonprofit agencies, philanthropy, and financial institutions in supporting CFE initiatives and informing policy development; and to continue to leverage the expertise and support of the committee members to advance the mission of the CFE.
- 3) Instruct the Chief Executive Officer (CEO), in consultation with the Director of DCBA, to report back during the Fiscal Year 2019-20 Final Changes Budget as well as future budget cycles with recommendations on new or existing resources to support the appropriate staffing levels needed to execute the ongoing work of Center for Financial Empowerment.
- 4) Direct the Director of DCBA, in collaboration with the Departments of Public Social Services (DPSS), Workforce Development Aging and Community Services (WDACS), Public Health (DPH), and other relevant departments to develop and implement a comprehensive countywide EITC maximization plan. DCBA should base its plan on an analysis of existing departmental initiatives which use EITC as a strategy for achieving departmental priorities, as well as collaborative outreach opportunities to ensure that all County customers and clients who qualify for EITC are

aware of the opportunity to claim EITC when they file their taxes. The plan should include, but need not be limited to:

- a) An analysis of “VITA deserts” and areas in the County where there are concentrations of businesses that offer high cost and predatory tax-time products and services targeting EITC eligible residents and identify strategies to increase access to VITA services in those areas;
  - b) A survey of all County departments to catalog current EITC initiatives and collaborative outreach opportunities;
  - c) An assessment of existing customer/client data which could be used to increase EITC outreach to qualifying populations; and
  - d) Innovative outreach initiatives, including text-based outreach and ultra-local media, including ethnic print and online media, to reach qualifying populations.
- 5) As part of the Countywide EITC maximization plan, direct the Director of DCBA, in consultation with the CEO and County Counsel, to assess barriers to utilizing County data to conduct EITC outreach, and opportunities for overcoming those barriers so that data can be used effectively as part of an EITC outreach campaign;
- 6) Direct the Chief Executive Office to send a five-signature letter to the Los Angeles County Legislative Delegation ~~California Legislature~~ supporting Governor Gavin Newsom’s plan to expand California EITC funding, and direct the ~~CEO’s~~ County’s Legislative Advocate to support legislative proposals that expand EITC eligibility and increased funding;

- 7) Authorize the Director of DCBA to develop and enter into the appropriate agreements and/or Memoranda of Understanding with relevant departments and nonprofit partners to support the integration of EITC outreach, develop a comprehensive plan to recruit VITA volunteers, and support year-round EITC outreach campaigns.
- 8) Instruct the Director of DCBA, in consultation with County Counsel to explore the feasibility of creating a 501(c)(3) nonprofit organization to increase its capacity to apply and accept grants and philanthropic contributions; manage and increase programming and strategic partnerships; and award and manage grants.
- 9) Authorize the Director of the DCBA, or his designee, to enter into an agreement with a consultant(s) as needed, provided funds are budgeted and the agreement is approved as to form by County Counsel.
- 10) Direct the Director of DCBA, in consultation with the relevant departments, to provide an initial report back and status on the progress of these efforts within 180 days, and a subsequent report back on progress within 90 days after the initial report back.